TDB Trends Research (Nationwide, Research & Summary for January 2024)

The domestic economy worsened for the first time in four months

 \sim The improvement trend stopped due to the Noto Peninsula earthquake, the warm winter, and the automaker's fraud \sim

(Companies researched: 27,308; Valid responses: 11,431; Response rate: 41.9%; Survey start date: May 2002)

< Trend in January 2024: Improvement trend stopped >

The economic diffusion index (DI) in January 2024 was 44.2, down 0.7 points from the previous month, showing the first deterioration in four months.

The improvement trend in the domestic economy stopped due to negative factors such as the impact of the Noto Peninsula earthquake, a slump in seasonal products caused by the warm winter, and the automaker's fraud.

< Future outlook: Remain unchanged >

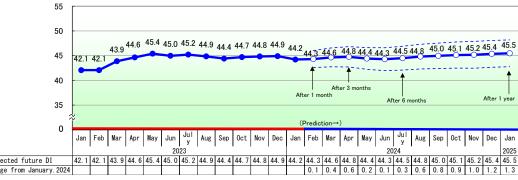
The domestic economy is expected to remain unchanged, with a focus on continuing wage increases amid structural negative factors such as the so-called 2024 problem.

e-mail : keiki@mail.tdb.co.jp

By industry: Worsened in 7 out of 10 industries. The warm winter and the automaker's fraud were negative factors.

By scale: Worsened in all sizes for the first time in four months. There was a noticeable drop in personal consumption.

By region: Worsened in 9 out of 10 regions due to the impact of the Noto Peninsula earthquake, as well as labor shortages and other problems.



*: The economic forecast DI is calculated using the Forecast Combination method of the results of the ARIMA model and the structural equation mode

Economic Diffusion Index (Economic DI)1/2

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Ratio to the Previous Month
Total	42.1	42.1	43.9	44.6	45.4	45.0	45.2	44. 9	44.4	44.7	44.8	44. 9	44.2	▲ 0.7
Large Firms		44. 2	46. 1	47. 3	48.1	47.7	48.6	48.0	47.8	47.9	48.4	48. 1	47.9	▲ 0.2
Small to Medium-sized Firms		41.7	43.5	44. 2	44.9	44.5	44.6	44.3	43.8	44. 1	44.2	44.3	43.6	▲ 0.7
Micro Firms	40.4	40.9	42. 4	42. 9	43.9	43.6	43.4	43.5	43.0	43. 4	43.1	43.3	42.6	▲ 0.7

		Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Ratio to the Previous Month
Agriculture,Forest	try,Fisheries	37.4	38. 9	41.6	42. 2	44.8	46.7	42.5	43.0	42.1	43.0	40.1	40.5	40.3	▲ 0.2
Finance		44.8	43.3	44.0	45.0	47.8	48. 1	47.4	48.8	46.8	47.3	48.0	47.0	47.7	0.7
Construction		44.1	43.7	45.5	45.6	46.9	46.8	47.8	47.4	47.1	47.5	47.8	47.2	47.7	0. 5
Real Estate		46.1	46.3	47.5	49.6	50.7	50.3	48.8	49.6	48.5	48.7	47.9	47.5	48.1	0. 6
	Food,BEWerages,Livestock Feed	38. 1	37.0	41. 1	42.0	43.7	43.6	43.1	44. 5	42.6	43.4	44.0	44.6	43.6	▲ 1.0
	Textile,Textile Products,Clothing	37.7	39.0	38.6	41.0	42.1	42.0	43.6	42.6	43.0	41.5	40.8	40.1	37.9	▲ 2.2
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	38.0	37.6	37. 0	39. 7	39.0	38. 4	37.9	38. 2	39.0	40.3	41.5	40. 3	39.9	▲ 0.4
	Pulp, Paper and Paper Products	39.8	36.6	38.6	37. 6	38.6	35.8	36.1	36. 1	36.9	37.7	37.2	38. 5	37.3	▲ 1.2
	Publishing, Printing	31.7	31.6	34. 3	33. 9	35.4	33.9	33.4	33.9	32.3	32.5	33. 1	34. 2	32.4	▲ 1.8
Manufacturing	Chemical	40.3	39. 2	40.1	41.0	40.6	41.6	41.8	41.2	41.2	41.4	42.7	42.2	42.6	0.4
	Steel, Nonferrous Metals, Mining	41.7	41.0	41.9	41.1	40.9	40.4	40.7	39.9	39.8	41.5	41.9	42.0	39.7	▲ 2.3
	General Machinery	43.3	43.7	43.4	43.8	42.9	41.9	42.9	42.8	41.2	40.7	40.5	40.6	39.3	▲ 1.3
	Electrical Machinery	43.3	43.2	42.8	43.2	43.1	43.9	42.9	42.8	42.4	42.3	43.0	42.5	43.6	1.1
	Transportation Machinery, Equipment	38.7	39.6	41.2	41.5	43.0	44.6	46.2	46.2	48.3	46.9	47.2	44.7	41.6	▲ 3.1
	Precision Machinery, Medical Instruments and Equipment	46.5	49.0	46.8	45. 6	46. 2	46.8	45. 4	42.9	44. 2	42.9	43.4	44. 3	43.9	▲ 0.4
	Other	39.1	36. 1	40.8	41.9	42.7	42.3	43.8	40.3	40.5	39.4	40.7	39.9	41.9	2. (
	Total	40.4	40.0	41.0	41.4	41.5	41.3	41.5	41.2	40.8	41.1	41.6	41.5	40.4	▲ 1.1
	Food,BEWerages	37.5	38.3	42.1	44.3	45.2	44.9	46.4	47.1	45.8	43.3	44.5	45.7	43.1	▲ 2.6
	Textile, Textile Products, Clothing	34.7	35. 9	38.0	41.9	43.1	39.4	39.5	38.0	38.1	36. 1	36.0	36. 3	36.9	0. 6
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	38.3	37. 2	38. 0	39. 1	38. 4	37.3	38. 4	38. 0	38. 1	38. 0	38.3	38. 9	38.0	▲ 0.9
Wholesale	Paper Products,Stationery,Books	34.8	35.6	37. 3	37. 9	40.3	36.5	38.2	38.6	38.5	38.4	40.1	40.7	39.6	▲ 1.1
	Chemical	42.8	41.7	43.5	44. 9	46.8	45.3	45.2	45.1	44.5	44.9	45.1	45. 4	44.4	▲ 1. (
	Recycled Resources	43.3	43.2	41.7	43.5	40.4	38. 9	42.2	40.9	43.9	45.2	42.4	43.8	42.9	▲ 0.9
	Steel, Nonferrous Metals, Mining Products	38. 5	37. 1	37.8	37. 9	38. 1	37. 5	37.9	34. 7	36.7	37. 0	38. 1	38. 2	37.3	▲ 0.9
	Machinery, Equipment	43.0	43.3	45.2	45. 2	46.0	45. 4	45.3	44. 7	43.8	43.9	44. 1	44.7	43.7	▲ 1.0
	Other	40.0	40.9	42.3	43.9	44. 9	43.2	42.6	42.7	41.7	43.1	43.2	42.9	42.0	▲ 0.9
	Total	40.1	40.1	41.9	42.9	43.7	42.5	42.9	42.3	41.9	41.7	42. 1	42.7	41.6	▲ 1.1

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TDB Trends Research January 2024

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-Economic	Diffusion	ınaex	CECONOMIC	DDZ/Z

ECOHO.	<u>mic Diffusion Index</u>	(L	CO	101	шс	<u>ע</u> :	1 <i>) </i>	14							
		Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oet-23	Nov-23	Dec-23	Jan-24	Ratio to the Previous Month
	Food,BEWerages	42.3	40.6	42.7	49.1	49.7	46.6	46.2	47.8	46.5	45.5	44.9	46.4	45.5	▲ 0.9
	Textile, Textile Products, Clothing	34.2	35. 7	39. 7	36.6	38.3	40.4	41.4	41.2	36.6	42.7	39.3	40.0	36. 3	▲ 3. ′
	Drugs,Sundries	37.2	38. 5	42. 9	47.8	47.4	45.9	45.3	42.6	42.5	43.8	44.7	46.1	45.8	▲ 0.:
	Furniture	34.2	33. 3	39. 5	38. 1	34.7	33. 3	32.5	30.2	36. 3	27. 2	32.4	32.7	34.0	1.
Retail	Electrical Household Appliances, Information Machinery and Equipment	36. 3	37. 5	40. 2	37. 8	40.5	38. 6	41.3	40.2	42. 7	42.5	44.0	42.7	41. 8	▲ 0.
	Motor Vehicles, Motor Vehicle Parts	38.2	38. 7	40.8	44.0	41.5	40.6	40.9	42.0	41.7	42.4	40.2	39.7	42.4	2. ′
	Special Merchandise	34.4	35. 3	38. 6	39.0	39.4	40.1	38.8	38.7	39. 1	39.4	38.1	38.3	37.8	▲ 0.
	Various Merchandise	42.5	41.0	43.6	47.8	45.8	44. 9	48.1	48.5	45.9	45.3	44.3	44.1	42.7	▲ 1.
	Other	42.3	44.8	41.1	41.7	41.1	45.8	46.2	42.2	47.6	46.2	47.2	51.3	40.3	▲ 11. 0
	Total	37.5	37.7	40.6	42.5	42.4	42.0	41.9	41.8	41.4	41.9	41.2	41.5	40.8	▲ 0. ′
Transportatio	on,Warehousing	38.9	38. 0	41.2	42.1	43.4	42.2	43.5	43.3	42.8	44. 1	43.8	44.5	43.5	▲ 1. 0
	Restaurants	38.5	42.4	49.8	50.8	56.7	53. 6	55. 6	52.2	51.8	47.4	49.4	54.0	50.3	▲ 3.7
	Postal, Telecommunications	47.6	44. 4	52. 8	52.8	58.3	53. 3	60.4	54.8	57. 4	59. 5	57.1	54.2	56. 1	1. 9
	Electricity, Gas, Water, Heat	32.4	32. 1	39. 7	38. 9	44.0	44. 1	44.8	43.5	46. 3	44. 1	50.0	42.7	41.7	▲ 1. (
	Leasing, Rentals	46.8	47. 4	48. 1	50. 5	49.7	52. 1	49.8	49.0	49. 2	52. 5	52.9	51.6	50.3	▲ 1. 3
	Lodging, Hotels	48.3	48. 0	59. 5	62. 1	59.8	55. 1	56. 6	55. 5	57. 6	59. 7	64.3	56. 9	51. 3	▲ 5.6
	Recreation	42.1	44. 1	50. 9	48.9	50.4	47.6	49.3	48.8	46. 2	46.3	44.8	47.9	46. 3	▲ 1.6
	Broadcasting	40.7	41.1	42. 6	44.7	47.4	43. 1	44.7	46.1	45. 6	42.6	45.6	43.3	44. 1	0.8
Service	Maintenance, Guarding, Testing	42.9	42.6	45. 3	45.8	47.3	48. 0	48.4	47.4	47.8	46.8	49.0	46.9	47. 3	0. 4
	Advertising	40.2	41.4	43. 7	46.6	45.0	45.0	44.8	45.2	45. 4	45. 2	45.6	45.1	46. 2	1. 1
	Information	53. 2	53. 8	55. 5	55. 8	56. 2	56. 8	57.0	56. 4	55. 5	56. 0	55. 4	56.3	56. 1	▲ 0.2
	Labor Dispatching	48.5	47. 9	47. 3	49.6	50.7	52. 0	52.0	50.9	48. 9	50.9	52.3	50.0	48.8	▲ 1. 2
	Special Services	48.5	49. 2	50. 1	50.9	52.3	51.7	52. 2	51.3	51. 2	52.0	51.1	50.3	50.5	0. 2
	Medical, Welfare, Public Health	42.9	41.5	42. 2	41.8	44.6	44.8	44. 2	43.4	42. 4	43.6	41.8	43.2	44. 4	1. 2
	Education	38.4	41.9	44. 4	38. 4	42.2	41.4	40.7	43.8	46. 4	45.6	42.6	44.4	43.7	▲ 0.7
	Other	42.2	44. 3	46. 5	48.6	47.5	49. 2	48. 2	47.9	47. 2	47.6	47.2	48.1	47.5	▲ 0.6
	Total	46.6	47. 4	50.0	50.8	51.6	51.6	51.7	50.8	50. 4	50.8	50.8	50.9	50. 2	▲ 0.7
Other		36. 5	37. 0	38. 2	39. 2	41.2	39. 8	40.9	40.8	39. 2	40.1	38. 2	42.8	41.3	▲ 1. 5
		Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Ratio to the Previous Month
	Hokkaido	40.1	40.6	41.2	42. 2	43.0	43. 9	45. 6	44.8	43.6	43.7	43.3	43.3	41.6	▲ 1.
Tohoku		38. 0	37. 2	41. 1	41. 2	41.6	41.7	42. 1	41.8	41.5	41. 4	41. 3	40.3	40. 2	▲ 0.
kitakanto		40. 9	41.4	42.6	43. 3	43. 4	42.8	43.1	43. 1	42.9	43.0	42. 6	43.0	40.9	▲ 2.
minamikanto		44. 1	43. 9	45.7	46.7	47. 2	47.2	47.4	46. 6	46. 4	46.3	46.7	46. 6	46. 5	▲ 0.
	Hokuriku	40.9	41. 2	42. 1	42.5	44. 0	43. 7	43.6	43. 1	42. 5	42. 1	42.3	42. 5	40.0	▲ 2.
	Tokai	41.0	41. 1	42. 8	43. 3	44. 6	43. 8	44. 4	44. 4	43. 6	44. 4	45. 1	44. 8	44. 4	▲ 0.
	Kinki	42.0	41.8	43. 6	44. 3	45. 4	43.9	43. 8	43. 6	43. 2	43. 7	44. 1	44. 6	43. 6	▲ 1.
	Chugoku	41. 9	41.8	44. 1	44. 8	44. 9	44. 7	45. 3	44. 3	44. 1	44. 9	44. 2	43. 9	44. 3	0.
	Shikoku	39. 0	38.6	40.0	40.7	43.0	41.7	42.6	41. 8	41. 2	41.4	41. 3	42. 5	42. 2	0.
		44. 0	44. 8	46.4	48.1	48. 5		48.0	41. 8			41. 3	42. 5	48.3	▲ 0.
	Kyushu	44.0	44.8	40.4	48. I	48.5	48.2	48.0	48.3	47.7	48.6	48. /	49.0	48.3	▲ 0.

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TDB Trends Research January 2024

Appendix

1.Research Subjects(Companies researched: 27,308; Valid responses: 11,431; Response rate: 41.9%)

1.Region

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Hokkaido	512	Tokai	1,228
Tohoku	791	Kinki	1,916
kitaKanto	899	Chugoku	772
minamikanto	3,337	Shikoku	374
Hokuriku	601	Kyushu	1,001
		Total	11,431

2.Industry (10 Industries 51 Lines of business)

Agriculture, For	estry, Fisheries	110
Finance		159
Construction		1,750
Real Estate		475
	Food, Beverages, Livestock Feed	324
	Textile, Textile Products, Clothing	146
Manufacturing (2,886)	Construction Materials, Furniture, Ceramics, Stone and Clay Products	212
	Pulp, Paper and Paper Products	84
	Publishing, Printing	212
	Chemical	378
	Steel, Nonferrous Metals, Mining	501
	General Machinery	475
	Electrical Machinery	304
	Transportation Machinery, Equipment	109
	Precision Machinery, Medical Instruments and Equipment	74
	Others	72
	Food, Beverages	325
	Textile, Textile Products, Clothing	160
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	293
Wholesale	Paper Products, Stationery, Books	125
(2,563)	Chemical	246
	Recycled Resources	28
	Steel, Nonferrous Metals, Mining Products	256
	Machinery, Equipment	817
	Others	313

	Food,Beverages	151
	Textile, Textile Products, Clothing	97
	Drugs,Sundries	60
Retail	Furniture	24
(803)	Electrical Household Appliances, Information Machinery and Equipment	57
	Motor Vehicles, Motor Vehicle Parts	116
	Special Merchandise	236
	Various Merchandise	50
	Others	12
Transportation	n,Warehousing	471
	Restaurants	117
	Telecommunications	11
	Electricity, Gas, Water, Heat	14
	Leasing,Rentals	102
	Lodging, Hotels	104
	Recreation	109
Service	Broadcasting	17
(2,174)	Maintenance, Guarding, Testing	209
	Advertising	130
	Information	546
	Labor Dispatching	80
	Special Services	337
	Medical,Welfare,Public Health	132
	Education	42
	Others	224
Others		42
	Total	11.431

3.Size

	Large Firms	1,722	15.1%
5	small to Medium-sized Firms	9,709	84.9%
	micro Firms	3,865	33.8%
	Total	11,431	100.0%

2.Research Items

*Business Confidence (current, in 3 months, in 6 months, in 1 year)

*Business Conditions (sales, purchasing and selling unit price, inventory, capacity utilization ratio, number of employees, overtime work hours)

3. Research Period and Methodology

Internet-based survey conducted January 18 – 31 2024

The explanation of the Economic Diffusion Index

Research Purpose/Researched Terms

TDB Economic Trend Research (started from May 2002) is a monthly statistical survey conducted for over 27,000 nationwide corporations on their general business activities including the current condition and future outlook of the industry business performance and operating climate. The primary purpose of such a survey is to assess the current state of Japan's economy.

Selection of the Subject Corporations

Companies of all sizes in all domestic industries are eligible to participate in the survey.

DI Calculation

The DI (Diffusion Index) is calculated by multiplying the number of responses for each assessment category by the number given in parentheses in the table below, to a seven-level assessment rated by companies.

Selection category	Extremely good	good	fairly good	neither good nor bad	fairly bad	bad	very bad
points	6	5	4	3	2	1	0
number of responses for each category	N ₆	N_5	N ₄	N ₃	N_2	N_1	N_0

Economic DI

$$= \frac{\text{Total of (Points for each category} \times \text{Number of responses for each category)}}{\text{Number of valid responses } N} \times \frac{1}{6} \times 100$$

$$\equiv \frac{\sum_{i=0}^{6} i \times N_i}{N} \times \frac{1}{6} \times 100$$

An economic DI of 50 is <u>the point separating good and bad</u>, so a DI over 50 means "good," and below 50 means "bad." (The numbers are rounded off to one decimal place.) No weight is given according to a company's size, and calculations are made on the basis of "one company, one vote."

Size Classification

Industry	Large Firms	Small to Medium-Sized Firms (Micro Firms included)	Micro Firms
Manufacturing and	Capital: More than 300 million yen	Capital: Below 300 million yen	
Other Industries*	and	or	No. of Employee: Below 20
	No. of Employee: Over 300	No. of Employee: Below 300	
Wholesale Trade	Capital: More than 100 million yen	Capital: Below 100 million yen	
	and	or	No. of Employee: Below 5
	No. of Employee: Over 100	No. of Employee: Below 100	
Retail Trade	Capital: More than 50 million yen	Capital: Below 50 million yen	
	and	or	No. of Employee: Below 5
	No. of Employee: Over 50	No. of Employee: Below 50	
Service**	Capital: More than 50 million yen	Capital: Below 50 million yen	
	and	or	No. of Employee: Below 5
	No. of Employee: Over 100	No. of Employee: Below 100	

Note1: Large Firms refer to companies that rank in the top 3% in terms of sales volume according to the type of business, among small to midium-sized corporations excluding micro firms, which are defined in Small and Medium Enterprises Basic Act.

Note2: Small to Medium-Sized Firms refer to companies that rank in the bottom 50% in terms of sales volume according to the type of business, among those not categorized as small to midium-sized corporations in Small to Medium-Sized Enterprises Basic Act.